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April 12, 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Jr.
Acting Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

Re: Application of BellSouth for 271 Authority in Georgia and Louisiana, CC
Docket No. 02-35

Dear Mr. Caton:

The attached letter from Catherine F. Boone, Vice President, External Affairs, Covad Communications Company, to Ernest Bush, Vice President, Long Distance Entrance, BellSouth Telecommunications, Inc. sets out continuing problems Covad is experiencing with BellSouth's OSS in Georgia and Louisiana.

Respectfully submitted,

Florence M. Grasso

cc: Susan Pié

Attachment

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Catherine F. Boone
Vice-President, External Affairs

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April 10, 2002

Via Facsimile and U.S. Mail

Mr. Ernest Bush
Vice President, Long Distance Entrance
BellSouth Telecommunications, Inc.
Room 4428
Atlanta, Georgia 30375

Dear Ernest:

Thank you for your letters of March 12, 2002 and March 27, 2002 relating to our continuing discussions directed at improving BellSouth's performance for Covad. We look forward to a continuing dialog on driving these issues to resolution. I wanted to respond briefly to some of your comments and further explain continuing concerns Covad has with BellSouth practices and policies.

Mechanization of the IDSL/UDC Loop Ordering

During our meeting on February 19, 2002, BellSouth indicated that it had deployed on February 2, 2002 a partial mechanization of ordering for this loop and would implement full EDI flow-through mechanized ordering in the May 18, 2002 BellSouth OSS release. As you know, BellSouth classified both the February and May Releases, with respect to the IDSL/UDC loop, as "Non-CLEC Affecting" and thus failed to communicate the required specific release information via the Change Control Process. In fact, this change in mechanization does impact Covad because internal programming changes must be completed to enable mechanized loop ordering by Covad. To further confuse the issue, the 2002 OSS Release schedule produced at the March 27, 2002 Change Control Status meeting did not include Phase II of the IDSL/UDC mechanization for the 10.5 Release scheduled for May. After Covad brought this to BellSouth's attention during that meeting, BellSouth corrected the 2002 Release Schedule in the April 10, 2002 Change Control Status meeting documents. This lack of communication impacts Covad's ability to plan, develop, and implement Covad ordering enhancements to coincide with new BellSouth functionality. Covad requests your written confirmation that BellSouth will meet its promised deployment in the May 18, 2002 OSS release.

Mechanization of the UCL-ND Loop Ordering

As you know, Covad offers SDSL service using a plain copper, second line to its customer's homes or offices. Although the UCL-ND loop product would be Covad's preferred loop for this offering, the lack of electronic ordering capability restricts its usefulness and

undermines the cost savings associated with it. The interim agreement between Covad and BellSouth entitles Covad to purchase this loop for \$44 non-recurring across the region. That rate

is substantially lower than the rates for the ADSL-capable loop, which Covad previously ordered for its SDSL service. However, the manual ordering required for the UCL-ND diminishes, or in some cases, eradicates the cost savings associated with it. First, every UCL-ND Covad orders incurs a BellSouth-imposed manual service order charge. In Georgia, that additional charge is \$18.94 and it ranges from \$10 - \$27 across the region. Second, since all Covad orders flow into our systems electronically, Covad's order administration group has to perform a series of work steps to pull these orders out of EDI, place them manually, and follow up on the status of those orders through manual processes. These work steps average about an hour of time collectively for each order and impose an additional cost on the loop of approximately \$30.

As a result of the lack of automated ordering for this loop, Covad incurs at least \$94 dollars in non-recurring charges and additional manual costs for each UCL-ND order. From a pure cost perspective, these additional charges make the UCL-ND less financially desirable than the presumably higher quality designed ADSL-capable loop in Georgia, Louisiana, and several other states.

We request that BellSouth commit in writing to a specific and enforceable time frame for deployment of full EDI mechanization for ordering this loop. In your response to this letter, please provide a concrete timeline pursuant to which BellSouth commits to mechanization of the UCL-ND loop ordering process.

Mechanization of Loops that Require Conditioning

As your letters note, Covad and BellSouth have held a couple of meetings about mechanizing the ordering of conditioned loops (both line shared and second line loops). At BellSouth's request Covad is compiling a forecast of demand for conditioned loops, and we are hopeful that BellSouth is progressing with the internal business case on this process improvement. BellSouth alone knows how many conditioned loops it plans to order for retail services. Furthermore, Covad asked BellSouth to research whether its retail operations ordered loops with conditioning electronically. This information remains key to an accurate business case analysis. It is critical that BellSouth offer the same electronic ordering functionalities that every other ILEC offers.

To truly take advantage of mechanized ordering functionality, Covad has requested that BellSouth improve its ordering functionality to allow pre-authorization for conditioning, as SBC and Qwest do. While we are encouraged that BellSouth has not rejected Covad's Change Request to allow pre-authorization and mechanized loop conditioning, we request that BellSouth commit in writing to a specific and enforceable time frame for deployment via EDI of this enhancement. In your response to this letter, please provide a concrete timeline pursuant to which BellSouth commits to mechanization of ordering processes for loops requiring conditioning.

Open Exceptions in Florida

On February 11, 2002, Covad provided BellSouth with a list of 31 Open Exceptions in the Florida Third Party OSS test that were of particular concern. Although some of these

exceptions have been closed, a large number remain open. Many of these existing defects in BellSouth's OSS underscore Covad's concerns about the degree of manual processing required to get Covad orders through the BellSouth systems. As you know, KPMG has identified a series of problems with receipt of FOCs via manual processes as well as the timeliness and accuracy of manual processes. BellSouth must take all steps necessary to resolve these Exceptions rapidly. Obviously, if BellSouth would deploy the level of electronic ordering functionality that Covad requests, many of these concerns could be alleviated.

Eleven Service-Affecting Defects Identified by Covad Communications

Thank you for the update on your resolution of the 11 defects related to Line Sharing and ADSL loop ordering via EDI that Covad noted. We are in the process of confirming that certain fixes were deployed on February 2, 2002 and March 23, 2002. The current Change Control Release Schedule confirms that the remaining four defects are scheduled for the 10.5 May 18, 2002. We are pleased that these defects are being remedied and appreciate your attention to them.

During the past several weeks Covad has been working with CCP regarding problems impacting line sharing. The line sharing pseudo circuit number is not being returned with the FOC on line sharing orders (CR621/ FTTF-36). BellSouth bills Covad based on this psuedo circuit number and Covad cannot reconcile its billing without that number. When it is not returned on the FOC through EDI, Covad must pull the EDI order out of electronic processing and obtain the psuedo circuit number in another BellSouth database (CSOTS). This adds a level of unnecessary complexity and manual intervention into line sharing orders. The problem was sent to BellSouth Change Control in January 2002. However, as a result of the Flow Through Task Force meeting on April 9, 2002, Covad was advised that BellSouth SMEs still cannot agree on the classification...is it a defect or enhancement? However, prior to the FTTF meeting, Covad received a notice from Change Control on April 3, 2002 advising that it has been classified as a defect. We would like you to confirm the classification (preferably to support the April 3rd CCP notice to Covad of a defect) and the date in which this defect will be fixed.

Lastly, CR679 addresses a line sharing defect in LENS in which the TOS (Type of Service) is incorrect. As a result of this defect, when Covad submits a line sharing order through LENS, the BellSouth system chooses the wrong type of service. Apparently, BellSouth has either a manual or electronic fix that changes this coding on the BellSouth side, allowing the order to flow through. However, if the Covad order is rejected for any other reason, and Covad tries to supplement it through LENS, the order is rejected again for wrong TOS (Type of Service). BellSouth identified this defect, but claims it does not affect our ability to place line sharing orders. That is incorrect. We need full functionality, including the ability to supplement, cancel, and disconnect orders through the various BellSouth interfaces. Please advise when this defect will be remedied.

UCL-ND Provisioning Problems

Thank you for providing the results of BellSouth's analysis of 50 UCL-ND orders submitted by Covad. I have asked BellSouth to provide me with the spreadsheet showing the data underlying that analysis so we can reconcile the two sets of reported results. BellSouth reports that 17 out of 50 loops were not provisioned correctly and on time, and Covad data shows that 38 out of 50 were not provisioned correctly and on time. Both analyses reveal serious process and provisioning problems with this loop and Covad hopes BellSouth will take significant steps to improve these results.

One ongoing problem Covad has with the UCL-ND involves BellSouth's obligation to provide Covad with demarcation point information on each loop Covad buys. As you may know, the Interconnection Agreement between Covad and BellSouth requires that:

"Where a technician is dispatched to provision a loop, the BellSouth technician shall tag a circuit for identification purposes. Where a technician is not dispatched by BellSouth, BellSouth will provide sufficient information to Covad to enable Covad to locate the circuit being provisioned."

(Attachment 2, § 2.1.17.9.3) When BellSouth provisions a UCL-ND loop without a truck roll (called Quick Serve Loops), BellSouth is nonetheless obligated to provide information sufficient to enable Covad to locate the loop being provisioned. BellSouth is failing to provide that information. When this problem first arose, BellSouth suggested that Covad order joint acceptance testing on these loops for the purpose of obtaining demarcation point information. As an interim measure to get our customers into service, Covad agreed. Covad cannot continue to incur an additional \$50-100 charge on each loop just to obtain demarcation point information when BellSouth is contractually obligated to provide this information to Covad at no cost. We look forward to BellSouth's solution to providing demarcation point information on these Quick Serve loops, in a manner that does not impose additional costs on Covad but does enable BellSouth to comply with its contractual obligations. Until that solution is in place, Covad intends to open trouble tickets to obtain the required demarcation point information to which Covad is entitled. This will result in a substantially higher trouble ticket rate for this loop, but Covad has no choice until BellSouth demonstrates that it can comply with the contract.

Interactive Voice Recognition (IVR) Software Trial

As you mentioned, Covad and BellSouth have had several productive meetings about BellSouth's participation in trialing the use of the IVR. The IVR provides BellSouth personnel with an additional provisioning tool that gives them access to Covad's test equipment in the central office. By calling a toll free number, BellSouth will be able to run a series of loop tests to confirm that the loop is functional prior to turn up. Covad first proposed a trial of this tool in September 2001, but BellSouth rejected the request on the grounds that it perceived no added value in utilizing the IVR tool. We have received extremely positive feedback from other ILECs about access to this system and look forward to BellSouth using it to improve performance. BellSouth agreed to provide an outline of a proposed IVR trial to Covad by April 5, 2002.

Although we have not yet received that proposal, we hope BellSouth will embrace this opportunity to utilize an additional provisioning tool provided by Covad. As I mentioned, several other ILECs have been using the IVR to improve loop provisioning quality and delivery for many months now.

Removing Copper Loops from LFACS

As you have read in our comments, Covad is concerned about BellSouth's policy of removing copper loops from LFACs when it deploys fiber. Initially, Covad raised this concern with the Georgia Commission in August 2001. At that time, BellSouth assured Covad that it did not routinely remove copper loops from LFACs after conducting an outside plant rearrangement to fiber. Moreover, BellSouth assured Covad that its practices were consistent with those of other ILECs. Although Covad's experience indicated that it was more difficult to locate spare copper in the BellSouth region than in other regions, Covad relied upon BellSouth's representations about its policies. Since that time, it has become apparent that removing copper loops from LFACs is far more common than BellSouth led Covad to believe.

In a recent example in Florida, Covad performed a loop makeup inquiry on a line shared loop. When the information indicated that the voice loop had load coils, Covad sought a spare pair. Once Covad located a spare clean copper pair, Covad placed the order only to have it cancelled by BellSouth on the basis that it was conducting a fiber throw and that the copper would no longer be available after the outside plant rearrangement. We know from previous statements that BellSouth does not remove the copper from the ground. However, by removing these loops from LFACS, BellSouth effectively destroys Covad's ability to locate and utilize those loops.

Under the UNE remand order, it is clear that Covad is entitled to clean copper loops wherever they may be found in the BellSouth network. BellSouth's practice of removing loops from LFACs makes it impossible for us to gain access to the copper. From a business perspective for BellSouth, it makes no sense because Covad is willing to pay for something that would otherwise yield no revenue for BellSouth: spare copper. Removing copper pairs from LFACS drastically limits the customers we can serve. Moreover, if BellSouth were removing spare copper from LFACS only where it had deployed a mini-DSLAM to serve customers, BellSouth's policies would be egregiously anticompetitive.

Given your role in shepherding BellSouth's long distance applications through the 271 process, I hope that this issue will cause you the same concern it causes us. We look forward to your immediate investigation into this matter and your assurance that BellSouth will discontinue this anticompetitive policy.

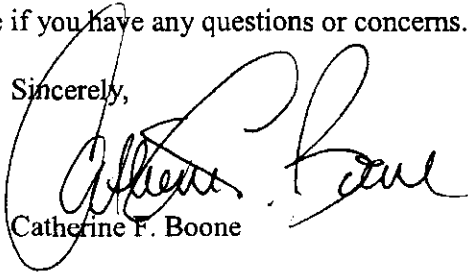
As you know, we have raised the concerns regarding BellSouth's OSS with the FCC in the pending Georgia and Louisiana section 271 dockets. We also raised these same issues in opposition to BellSouth's prior applications, before those applications were withdrawn. I am certain that you can make specific commitments regarding resolution of the issues in this letter,

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and that such commitments will make BellSouth's pending long distance application that much stronger.

Please feel free to contact me if you have any questions or concerns.

Sincerely,



Catherine F. Boone